

## Message Text

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PAGE 01 BRUSSE 09376 180409Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02  
OPIC-03 LAB-04 SIL-01 OMB-01 CEA-01 STR-07 AGRE-00  
IO-13 /114 W

-----008867 181554Z /45

R 171002Z MAY 78  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 6569  
INFO AMEMBASSY BONN  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY LONDON  
AMEMBASSY LUXEMBOURG  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY THE HAGUE  
AMEMBASSY BELGRADE

C O N F I D E N T I A L BRUSSELS 09376

ALSO FOR USEC

E.O. 11652: GDS  
TAGS: ETRD, EGEN, EEC, EFIN, YO  
SUBJECT: YUGOSLAV ECONOMIC RELATIONS WITH EC: BELGIAN  
VIEWS

REF: STATE 84965

1. WE DISCUSSED YUGOSLAV-EC RELATIONS MAY 16 WITH  
JANSSEN, NUMBER TWO IN MINISTRY OF FOREIGN AFFAIRS'  
"EUROPEAN SERVICE" (I.E. EC AFFAIRS) AND CONVEYED US HOPE  
THAT EC WOULD KEEP POLITICAL DIMENSION IN FOREFRONT WHEN  
CONSIDERING WAYS TO ASSIST YUGOSLAVIA VIA NEW COOPERATION  
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AGREEMENT.

2. BIGGEST PROBLEM IN AIDING YUGOSLAVS, ACCORDING TO  
JANSSEN, ARE THE CONSTRAINTS THAT THE YUGOSLAVS THEMSELVES  
HAVE IMPOSED AS WELL AS THOSE THAT LIMIT EC'S FLEXIBILITY.  
EC, JANSSEN BELIEVES, COULD DO A GREAT DEAL MORE THAN IT  
SEEMS LIKELY TO DO IF THE YUGOSLAVS COULD ACCEPT THE IDEA

OF A PREFERENTIAL AGREEMENT WITH THE EC (THEY HAVE TOLD EC NEGOTIATORS THAT SUCH AN AGREEMENT IS OUT OF THE QUESTION FOR POLITICAL REASONS). THERE IS APPARENTLY LITTLE WHICH IS FEASIBLE THAT THE EC CAN DO FOR YUGOSLAVIA IN THE CONTEXT OF A NON-PREFERENTIAL COOPERATION AGREEMENT.

3. CITING SPECIFIC ISSUES, JANSSEN SAID IT WAS UNLIKELY THAT EC COULD PROVIDE ANY CONCESSIONS ON THE BABY BEEF QUESTION, SINCE THE EC PRESENTLY HOLDS ABOUT 300,000 MT EXCESS BEEF IN STORAGE. YUGOSLAV REQUEST THAT EC INCREASE ITS QUOTAS (BUTOIRS) FOR YUGOSLAV PRODUCTS WITHIN THE EC GENERALIZED SYSTEM OF PREFERENCES IS UNLIKELY TO BE ADOPTED BECAUSE IT RUNS COUNTER EC GSP GOAL OF PROVIDING TRADE ASSISTANCE TO THE REALLY POOR LESS-DEVELOPED COUNTRIES, NOT TO RELATIVELY ADVANCED COUNTRIES LIKE YUGOSLAVIA.

4. INVESTMENT PROSPECTS ARE, IN JANSSEN'S VIEW, CLOUDY. APART FROM COMPLEXITY OF YUGOSLAV FOREIGN INVESTMENT LAWS AND ITS INDUSTRIAL SYSTEM AND UNCERTAINTY ABOUT REPATRIATION OF EARNINGS AND CAPITAL, JANSSEN BELIEVES MANY POTENTIAL INVESTORS ARE FEARFUL OF THE SITUATION IN POST-TITO YUGOSLAVIA, AND PREFER TO SEE WHAT HAPPENS ONCE HE LEAVES SCENE.

5. SINGLE BRIGHT SPOT IN THIS PICTURE, ACCORDING TO JANSSEN, IS THAT IT NOW APPEARS LIKELY THAT EUROPEAN INVESTMENT BANK--FOLLOWING THE DOUBLING OF ITS CAPITAL FUND--WILL AGREE TO PARTICIPATE TO GREATER EXTENT THAN HERETOFORE INDICATED IN BELGRADE-ZAGREB HIGHWAY PROJECT. CONFIDENTIAL

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THERE MAY ALSO BE SOME INVESTMENT MEASURES TO HELP RETURNING YUGOSLAV GASTARBEITER REINTEGRATE INTO YUGOSLAV ECONOMY, BUT JANSSEN HAD NO IDEA WHAT THEY MIGHT BE. IN THIS CONNECTION, JANSSEN SAID THAT NEGOTIATIONS WITH YUGOSLAVS SO FAR HAD BEEN MARKED BY GENERALITIES, AND THAT YUGOSLAVS HAD MADE FEW CONCRETE SUGGESTIONS ON MEASURES THAT EC COULD ADOPT IN THEIR FAVOR. CHAMBERS

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC COOPERATION, RELATIONS WITH REGIONAL ORGS  
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**Draft Date:** 17 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
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**Disposition Reason:**  
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**Executive Order:** GS  
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